

### CHAPTER 3

#### SCHOOL LUNCH PROGRAM (SCHOOL FOOD AND NUTRITION PROGRAM)

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Although the preferred method of accounting for a school food and nutrition program is through a School Lunch Fund (School Food Service Fund) in the school corporation account, authority is provided to account for the program in an extra-curricular account or accounts. [IC 20-41-2-4] A provision is if the latter method is used, the school board shall approve the amount of the official bond of the treasurer of the extra-curricular account in an amount deemed sufficient to protect the account for all funds coming into the custody of said treasurer. [IC 20-41-2-6]

A School Lunch Fund in either method shall be maintained. The ledger maintained (school corporation or extra-curricular) is determined by which method the school board elects to use.

An accounting system and the necessary forms for its maintenance are prescribed by the State Board of Accounts. If these forms are properly maintained for your program, you will have little difficulty obtaining the information needed to prepare monthly federal reimbursement claims, quarterly financial reports, etc.

Effective internal controls of cash receipts and meals served are built into the system by using one of several methods. The methods are the use of properly maintained and approved class rosters, prenumbered meal tickets, and cash registers. Computerized cash systems could be used after submission and review by the State Board of Accounts. All cash register systems must be equipped with identification keys to indicate (1) paid student meals, (2) reduced price student meals, (3) free student meals, (4) adult meals, (5) a la carte sales and other additional categories the school corporation may wish to identify that may be required by the accounting system. The register must have locked-in audit tapes and non-resettable totals for each category. If any type of cash register system is used, the cashier is accountable for the cash registered on that machine when it is totaled and checked out.

If meal tickets are used, the tickets are issued to each ticket seller in prenumbered blocks. Each ticket seller is charged with the value of the tickets issued and must either turn in money or unused tickets to discharge his liability. A receipt must be issued to each ticket seller for the money deposited with the Treasurer. If a daily ticket is used, it is collected at the serving line; however, if the ticket is for multiple days, it is punched at the serving line as that day's meal is served.

All methods to account for the cafeteria operation require that the person responsible for collecting and reporting the money received for meals be different from the person responsible for counting and reporting the number of meals served. Under no circumstances should all duties be vested in the treasurer or any other single individual.

The Certification of Meals Provided Per Home Rule, Form SF-1, is a daily record of meals provided free (or at less than normal price) in accordance with written school board policy other than the students who qualify for free or reduced price meals or milk as documented on School Forms 521 or 522. The total number provided as documented on SF-1 is carried forward to the appropriate column on SF-2A.

School Food Form SF-2, Daily Record of Cash Received, categorizes cash receipts on a daily basis and should be totaled monthly.

School Food Form SF-2A, Daily Record of Meals/Milk Served, records daily the number of meals/milk served and should be totaled monthly and will be a source of information for preparation of the monthly claim for federal reimbursement.

School Food Form SF-3, Cash Disbursements and Fund Balance, is used to record on a daily basis the disbursements of the School Food Service Program and together with the SF-2 acts as the source information for the calculation of the fund balance as shown on the SF-3. The disbursement categories Service Area Direction and Food Preparation and Dispensing are defined as:

Service Area Direction. Activities pertaining to directing and managing the food service program for the school corporation.

Food Preparation and Dispensing. Activities concerned with preparing and serving the food and beverages associated with the food service program. This includes operating kitchen equipment, preparing food, cooking, serving food, cleaning and storing dishes and kitchen and lunch room equipment.

Form SF-4, Ledger of Receipts, Disbursements and Balances, is the form on which the monthly totals of Forms SF-2 and SF-3 are accumulated and posted. This provides a composite annual accounting for the overall school food service program of the school corporation.

Form SF-5, Ticket Control, shall be used only in those systems using the meal ticket method of control. Persons charged with selling tickets are responsible for the value of the tickets issued to them.

Form SF-6, Equipment Inventory, shall be used to take a complete physical inventory in each school of all equipment on hand at the close of each school year. A copy of this annual inventory shall be kept on file in the office with the school food service records.

Form SF-7, Food Inventory, is designed for use in taking a complete physical inventory in each school of all food items each month. Separate sheets shall be used for each category inventoried; such as USDA donated commodities, meat, fruit, vegetables, staples, frozen foods, etc.

Forms SF-1, SF-2, SF-2A and SF-3 shall be maintained on a daily basis and totaled monthly. These monthly totals are a source of information for preparation of the claim for federal reimbursement, the quarterly financial report, etc. If a separate accounting of the receipts or disbursements from each school in the corporation is desired, separate forms may be maintained for each school.

#### SCHOOL FOOD VERIFICATIONS OF ELIGIBILITY

Officials should request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted.

#### SCHOOL FOOD SYSTEMS - PREPAID FOOD

Subsidiary records by student should be routinely reconciled to the cash balance and at month end. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items.

A column titled "Prepaid Food" is added to the Daily Record of Cash Received, Form SF-2, for recording prepaid amounts received which have not been identified as to revenue type, i.e., lunch, breakfast, etc. Amounts will be entered both in "Prepaid Food" and "Total Cash Received" for each day because cash has been received.

Another column "Prepaid Food Applied" is also added to Form SF-2, which will show periodic (and monthly) activity whenever prepaid meals are identified (charged to breakfast, lunch, etc.). Amounts in "Prepaid Food Applied" should at all times equal for each day, the amounts charged to various categories, i.e., student lunch, adult breakfast, etc. that were not paid for in cash. Amounts will not be added to "Total Cash Received" because cash has been previously entered and recognized in "Prepaid Food". You are merely transferring "Prepaid Food" to the applicable categories.

The final column added to SF-2 is "Prepaid Food Trust", which is the running balance column which shows the difference between "Prepaid Food" and "Prepaid Food Applied". The amounts in "Prepaid Food Trust" are deducted from the "Balance" column in SF-3 Form, School Food Service Cash Disbursements which then should equal the amount in the new SF-3 Column "Available Cash Balance". Amounts are not entered in "Total Cash Received" because "Prepaid Food Trust" is merely a balance column. Computerized systems should provide a list, by student, of cash balances which should sum to the "Prepaid Food Trust".

The Ledger of Receipt, Disbursement and Balances, SF-4 Form should also show appropriate columns for those transactions.